

## Message Text

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ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 L-02 H-02

PA-01 PRS-01 USIA-06 AGR-05 FEA-01 INT-05 /101 W

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R 181020Z APR 75

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 6456

INFO AMEMBASSY MOSCOW

USMISSION OECD PARIS

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E.O. 11652/ N/A

TAGS: EAID, UR, BG

SUBJECT: SOVIET DEVELOPMENT LOAN TO BANGLADESH

REF: A. DACCA A-65, NOVEMBER 18, 1974 B. DACCA 4704

1. B.N. KOLTSOV, USSR FIRST SECRETARY, ECONOMIC, PROVIDED EMBOFF APRIL 16 WITH FOLLOWING DETAILS OF USSR 35 MILLION ROUBLE DEVELOPMENT CREDIT, SIGNED BY BDG PLANNING COMMISSION SECRETARY SYEDUZZAMAN AND OFFICIAL OF USSR STATE COMMITTEE FOR FOREIGN ECONOMIC RELATIONS IN MOSCOW APRIL 2. AGREEMENT IS DIVIDED INTO TWO PARTS:

(A) 30 MILLION ROUBLE (ABOUT \$29 MILLION) CREDIT TO FINANCE SEVERAL PROJECTS, INCLUDING CONSTRUCTION OF A COTTON-SPINNING MILL, GAS LIQUEFACTION UNIT AT EASTERN OIL REFINERY, CHITTAGONG, FURTHER ONSHORE PROSPECTING FOR OIL, NATURAL GAS, AND MINERALS, AND ESTABLISHING AND EQUIPPING EXPERIMENTAL FARM FOR COTTON AND POSSIBLY SUNFLOWERS. CREDIT WOULD FINANCE

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DESIGN SERVICES, SUPPLY OF EQUIPMENT, PROVISION OF

EXPERTS AND TRAINING, BOTH IN BANGLADESH AND IN USSR, OF BANGALEES. CONTRARY TO NEWSPAPER REPORTS, AND LONG-STANDING EXPECTATION, AGREEMENT DOES NOT RPT NOT INCLUDE EXPANSION OR RECONSTRUCTION OF CHITTAGONG STEEL MILL.

(B) COMMODITY CREDIT FOR 5 MILLION ROUBLES, TO FINANCE BDG IMPORTS OF RAW COTTON, PIG IRON AND STEEL BILLETS. LOCAL CURRENCY GENERATED BY SALE OF THESE ITEMS IN BANGLADESH WOULD FINANCE LOCAL COSTS OF PROJECTS UNDER FIRST PART OF AGREEMENT.

2. TERMS. FULL AMOUNT OF CREDIT IS REPAYABLE AT 2 PERCENT INTEREST OVER 15 YEARS INCLUDING 3-YEAR GRACE PERIOD. KOLTSOV NOTED THESE TERMS SOMEWHAT SOFTER THAN 1972 PROJECT CREDIT WHICH WAS REPAYABLE IN 12 YEARS.

3. EARLIER CREDITS. THE TWO MARCH 1972 CREDITS OF \$45.6 AND \$6 MILLION HAVE NOW RPT NOW BEEN VIRTUALLY FULLY UTILIZED. KOLTSOV DID NOT RPT NOT PROVIDE INFORMATION ON STATUS OF 3RD COMMODITY AID CREDIT OF \$26.65 MILLION OF OCTOBER 25, 1974 (REFTEL B).

4. THERE WAS SOME NEWSPAPER CRITICISM HERE OVER FACT THAT THE APRIL, 1975 CREDIT, SEEN AS TOTAL PROJECT SOVIET ASSISTANCE TO FIRST FIVE-YEAR PLAN, WAS SMALL. IN FACT, SOVIET NON-PROJECT ASSISTANCE HAS BEEN FAIRLY GENEROUS THIS FISCAL YEAR, WITH LAST SEPTEMBER'S FLOOD RELIEF DONATIONS ESTIMATED AT \$3.7 MILLION (INCLUDING 3,000 MT WHEAT), AND THE OCTOBER, 1974 COMMODITY CREDIT CITED PARA 3 ABOVE INDEED, TOTAL SOVIET ASSISTANCE (PROJECT AND NON-PROJECT) TO DATE IN 1974/75 AMOUNTS TO OVER \$70 MILLION IN NEW COMMITMENTS. THIS IS WELL ABOVE THE 1973/74 FIGURE OF \$47 MILLION.  
BOSTER

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, DEVELOPMENT LOANS  
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**TAGS:** EAID, UR, BG  
**To:** STATE  
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